



County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

September 22, 2009

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

APPROVAL OF APPROPRIATION ADJUSTMENT FOR UTILITY USER TAX – MEASURE U REVENUES (ALL DISTRICTS AFFECTED) (4 VOTES)

SUBJECT

Approval of the recommended action will authorize the transfer of \$60,205,000, which is one-third of the total one-time Utility User Tax - Measure U revenues available for allocation, to the Provisional Financing Uses Budget pending a final spending plan.

IT IS RECOMMENDED THAT YOUR BOARD:

Approve the attached budget adjustment transferring \$60,205,000 from the Designation for Local Taxes to Provisional Financing Uses.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the budget adjustment will allow the Chief Executive Office (CEO) to set aside a portion of the total one-time Utility User Tax (UUT) - Measure U revenues, currently budgeted in the Designation for Local Taxes, in the Provisional Financing Uses (PFU) Budget until a spending plan is finalized.

"To Enrich Lives Through Effective And Caring Service"

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Intra-County Correspondence Sent Electronically Only**

The allocation of the \$60,205,000 will be based on the percentages applied to the \$65 million in ongoing funds that were initially allocated to each supervisorial district and ultimately budgeted in various departmental budgets in fiscal year (FY) 2005-06. These departments had worked closely with each Board office in determining the priorities that required funding for enhancing unincorporated area services.

Therefore, \$60,205,000 will remain in PFU until the priorities are identified, at which point we will return to your Board to request the transfer of funding from PFU to the specific budget units.

Implementation of Strategic Plan Goals

The recommended action is consistent with principles of the County's Strategic Plan - Operational Effectiveness Goal by strengthening the County's fiscal capacity and managing the resources we have effectively.

FISCAL IMPACT/FINANCING

The FY 2009-10 Adopted Budget reflects the transfer of \$190,732,000 from the Designation for Budgetary Uncertainties to the newly established Designation for Local Taxes. The \$60,205,000 we are recommending to transfer to PFU represents one-third of the \$180,614,000 that had been set aside in the Designation to comply with the three-year statute of limitations prior to the recent settlement of *Joe Oronoz v. County of Los Angeles*.

The balance of \$10,118,000 is earmarked for the establishment of a Cy Pres Fund as required by the Oronoz settlement agreement. The purpose of the Cy Pres Fund is to address education, medical needs, homelessness, police and fire protection in the unincorporated areas as approved by the Court with input from all parties.

In a separate action, the Auditor-Controller will transfer \$14,769,000 to the Designation to appropriate the revenue collected in excess of the FY 2008-09 amounts budgeted for UUT, Business License Tax Landfill (Landfill) and the Transient Occupancy Tax in accordance with Board policy. This additional revenue will remain in the Designation until the outstanding questions regarding the County's further exposure to the recent litigation are clarified.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On November 4, 2008, the unincorporated area voters of Los Angeles County approved a reduction of the UUT rate from 5.0 percent to 4.5 percent and expanded the communications base to include Voice-Over Internet Protocol, text messaging, paging services, and cellular telephone communications.

On November 5, 2008, on motion by Supervisor Antonovich and Supervisor Molina, the Board instructed the CEO to report back in the FY 2009-10 Proposed Budget with a plan to spend UUT revenues in accordance with the intent of Measure U, which are services dedicated to the unincorporated areas.

The CEO issued a memo this past March requesting input from departments that currently provide unincorporated areas services. Our status memo in April informed your Board that recommendations would be provided no later than June 22, 2009, due to the additional time required to analyze all the responses received from departments and Board offices. However, our office later recommended delaying the allocation of UUT revenues until September pending the outcome of the State budget and its impact to the County.

At this point, the CEO recommends placing \$60,205,000 in PFU pending a final spending plan for projects to be decided by each Board office. Our recommendation is only for a portion of the \$180,614,000 in total UUT revenues available for allocation, as we remain cautious with the State budget, as well as the current economic uncertainties, that could further affect our other revenue sources.

In the meantime, we continue to work closely with the utility providers in the collection of data. Although a majority of the electric and gas companies have responded to our June 2009 request, this effort is requiring more time as we assist a major utility company with technical issues in extracting the data from their new system. As for the telecommunication companies, we have sent a second request to each company along with an administrative subpoena to address any issues they may have with releasing sensitive information.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommended action will allow for the use of a portion of prior years' one-time local tax revenues to provide enhanced services and/or infrastructure to residents of the unincorporated areas of Los Angeles County.

The Honorable Board of Supervisors
September 22, 2009
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CONCLUSION

Please return one (1) adopted copy of this letter to the Chief Executive Office, Finance Division.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "William T. Fujioka", with a stylized flourish extending to the right.

WILLIAM T FUJIOKA
Chief Executive Officer

WTF:SH:DL
SK:EC:CD:yjf

Attachment

UUT.Supplemental.bl

PINK

76R 352M 11/83

COUNTY OF LOS ANGELES

REQUEST FOR APPROPRIATION ADJUSTMENT

DEPT'S. NO. 060

DEPARTMENT OF CHIEF EXECUTIVE OFFICE

SEPTEMBER 22 2009

AUDITOR-CONTROLLER.

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. WILL YOU PLEASE REPORT AS TO ACCOUNTING AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF EXECUTIVE OFFICER FOR HIS RECOMMENDATION OR ACTION.

ADJUSTMENT REQUESTED AND REASONS THEREFOR

FY 2009-10
4 - VOTES

SOURCES

USES

DESIGNATION FOR LOCAL TAXES

A01-3059

\$60,205,000 \$90,307,000

DECREASE DESIGNATION

PROVISIONAL FINANCING USES - VARIOUS

Services and Supplies

A01-CB-13749-13760-2000

\$60,205,000 \$90,307,000

INCREASE APPROPRIATION

JUSTIFICATION

Reflects the transfer of funding from the Designation for Local Taxes to Provisional Financing Uses.

ADOPTED
BOARD OF SUPERVISORS

Ed Corser, Manager, CEO

CHIEF EXECUTIVE OFFICER'S REPORT

#48

SEP 22 2009

SACHI A. HAMAI
EXECUTIVE OFFICER

REFERRED TO THE CHIEF EXECUTIVE OFFICER FOR -

ACTION

APPROVED AS REQUESTED

AS REVISED

RECOMMENDATION

20

CHIEF EXECUTIVE OFFICER

AUDITOR-CONTROLLER BY

Karen Sukuma

APPROVED (AS REVISED): BOARD OF SUPERVISORS

20

NO. 019

Sept 10 20 09

BY

DEPUTY COUNTY CLERK

#48

SEP 22 2009

SEND 6 COPIES TO THE AUDITOR-CONTROLLER